



**AL MAZAYA HOLDING CO. K.S.C.P
HOLDING AND ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2005



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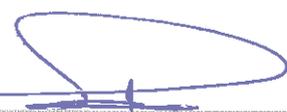
**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED)**

We have reviewed the accompanying consolidated balance sheet of Al Mazaya Holding Company K.S.C. (Closed) (the parent company) and subsidiaries (the group) at 31 March 2005, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the three month period then ended. These interim condensed consolidated financial statements are the responsibility of the group's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of parent company's personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34.

Furthermore, based on our review, the interim condensed consolidated financial statements are in agreement with the books of the group. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association of the parent company have occurred that might have had a material effect on the business of the group or on its financial position.


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LICENCE NO. 68 A
OF ERNST & YOUNG


DR. SHUAIB A. SHUAIB
LICENCE NO.33 A
Albazie & Co.
Member of **RSM** International

30 April 2005

Kuwait

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2005 (Unaudited)

		<i>(Unaudited)</i> 3 months ended 31 March 2005 KD	<i>(Audited)</i> 12 months ended 31 December 2004 KD
Management fees and consultancy income		334,139	340,590
Profit from held for sale properties		-	6,573,738
Commission income on sale of properties	3	1,688,733	-
Realised gain from available for sale investment		27,500	-
Realised gain on money market fund		-	37,348
Other income		5,300	34,951
Marketing expenses		(66,872)	(141,509)
Administration expenses		(276,003)	(507,029)
Depreciation		(2,967)	(11,755)
Interest income		42,858	68,273
Finance cost		(143,265)	(102,672)
Contribution to Kuwait Foundation for the Advancement of Sciences		(14,485)	(56,627)
Directors' fees		-	(50,000)
NET PROFIT FOR THE PERIOD		1,594,938	6,185,308
BASIC EARNINGS PER SHARE	4	10.63 fils	41.24 fils
DILUTED EARNINGS PER SHARE	4	10.56 fils	41.24 fils

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

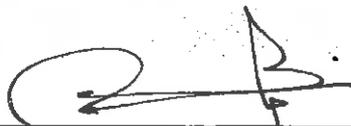
CONSOLIDATED BALANCE SHEET

At 31 March 2005 (Unaudited)

	Notes	(Unaudited) 31 March 2005 KD	(Audited) 31 December 2004 KD
ASSETS			
Cash and cash equivalents	5	4,812,737	4,077,724
Accounts receivable, prepayments and other assets		760,719	368,182
Term deposit	6	3,553,000	903,000
Property held for sale		5,326,064	5,326,064
Rights to certain properties	7	5,476,128	4,589,333
Available for sale investments		7,183,500	8,126,000
Properties under development		5,930,245	5,677,693
Investment property		184,328	181,855
Property and equipment		8,743,891	8,416,347
TOTAL ASSETS		41,970,612	37,666,198
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	8	15,000,000	15,000,000
Statutory reserve		631,612	631,612
Voluntary reserve		631,612	631,612
Retained earnings		3,527,068	4,932,130
Total equity		19,790,292	21,195,354
Liabilities			
Accounts payable and accruals	9	8,371,207	7,012,170
Wakala payable	10	6,000,000	-
Murabaha payable		4,548,250	4,548,250
Deferred consideration on acquisition of properties		3,260,863	4,910,424
		22,180,320	16,470,844
TOTAL EQUITY AND LIABILITIES		41,970,612	37,666,198



Rashid Y. Al-Nafisi
Chairman



Khalid S. Esbaitah
Vice Chairman and Managing Director

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2005 (Unaudited)

	<i>(Unaudited)</i> 3 months ended 31 March 2005 KD	<i>(Audited)</i> 12 months ended 31 December 2004 KD
	<i>Note</i>	
OPERATING ACTIVITIES		
Net profit for the period	1,594,938	6,185,308
Adjustment for:		
Depreciation	2,967	11,755
Finance cost	143,265	102,672
Interest income	(42,858)	(68,273)
Realised gain from available for sale investment	(27,500)	-
Operating profit before changes in operating assets and liabilities:	1,670,812	6,231,462
Receivables	(392,537)	(361,284)
Purchase of property held for sale	-	(5,326,064)
Advance payments	(886,795)	(4,589,333)
Payables	1,108,159	6,997,480
Deferred consideration on acquisition of properties	(1,649,561)	4,910,424
Net cash (used in) from operating activities	(149,922)	7,862,685
INVESTING ACTIVITIES		
Purchase of property and equipment	(330,511)	(8,428,102)
Purchase and expenditure of properties under development	(252,552)	(5,677,693)
Cost of acquisition of investment property	(2,473)	(181,855)
Purchase of available for sale investment	(307,500)	(8,126,000)
Proceeds from sale of available for sale investment	1,277,500	-
Term deposits	(2,650,000)	(903,000)
Interest received	42,858	68,273
Finance cost paid	(143,265)	(102,672)
Net cash used in investing activities	(2,365,943)	(23,351,049)
FINANCING ACTIVITIES		
Issue of share capital	-	14,900,000
Murabaha received	-	4,548,250
Wakala received	6,000,000	-
Dividends paid	(2,749,122)	-
Net cash from financing activities	3,250,878	19,448,250
INCREASE IN CASH AND CASH EQUIVALENTS	735,013	3,959,886
Cash and cash equivalents at the beginning of the period	4,077,724	117,838
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5 4,812,737	4,077,724

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2005 (Unaudited)

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
Balance at 31 December 2003	100,000	2,418	2,418	5,210	110,046
Issue of share capital	14,900,000	-	-	-	14,900,000
Net profit for the year	-	-	-	6,185,308	6,185,308
Transfer to reserves	-	629,194	629,194	(1,258,388)	-
	<u>15,000,000</u>	<u>631,612</u>	<u>631,612</u>	<u>4,932,130</u>	<u>21,195,354</u>
Balance at 31 December 2004	15,000,000	631,612	631,612	4,932,130	21,195,354
Dividends paid	-	-	-	(3,000,000)	(3,000,000)
Net profit for the period	-	-	-	1,594,938	1,594,938
	<u>15,000,000</u>	<u>631,612</u>	<u>631,612</u>	<u>3,527,068</u>	<u>19,790,292</u>
Balance at 31 March 2005	15,000,000	631,612	631,612	3,527,068	19,790,292

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2005

1 ACTIVITIES

The interim condensed consolidated financial statements of Al Mazaya Holding Company K.S.C. (Closed) (the parent company) and subsidiaries (the group) for the three months period ended 31 March 2005 were authorised for issue in accordance with a resolution of the directors on 30 April 2005.

Al Mazaya Holding Company K.S.C. (Closed) was incorporated on 7 November 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto.

The parent company is engaged in investment in local and foreign companies, real estate properties and consultancy services. The registered office of the company is at Salhia complex, Fahad Al Salem Street, P.O. Box 3546, Safat 13036, Kuwait.

The group's wholly owned subsidiary companies are engaged in selling, managing and developing real estate properties and offering consultancy services.

The group primarily operates in the Gulf Co-operation Council countries.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These interim condensed consolidated financial statements of the group have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

Operating results for the period are not necessarily indicative of the results that may be expected for the year ending 31 December 2005.

The group did not prepare interim financial statements for any prior interim periods and accordingly comparative information are given only for the year ended 31 December 2004.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2004 except as discussed in the following paragraph.

In 2003 and 2004, International Accounting Standards Board (IASB) issued a series of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS). The new IFRS and revised IAS became effective for annual periods beginning 1 January 2005. All new IFRS and revised IAS have been adopted by the group during the period, however it has no impact on the financial position or results of operations of the group. The main changes in accounting policies arising from the adoption of the new IFRS and revised IAS are summarised as follows:

Impairment of available for sale

In the case of available for sale equity investments reversal of previously recognised impairment losses are no longer recorded through the income statement but as increases in cumulative changes in fair value.

Derecognition of financial assets

With effect from 1 January 2005 a financial asset (in whole or in part) is derecognised either when the group has transferred substantially all the risks and rewards of ownership or when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset.

IFRS 2 "Share-Based Payment"

IFRS 2 "Share-Based Payment" requires an expense to be recognised where the group buys goods or services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The adoption of IFRS 2 has not resulted in any adjustment to the previously reported amounts as no employees' share options were granted during the period and those exercisable during the period (Note 8) had vested by 31 December 2004.

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2005

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

Employees (including directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the period end market value of the parent company's shares with the exercise price.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees exercise their rights. The cumulative expense recognised for equity-settled transactions at each reporting date until the exercise date reflects the extent to which the exercise period has expired and the number of awards that, in the opinion of the directors at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

3 COMMISSION INCOME ON SALE OF PROPERTIES

Commission income primarily relates to certain properties secured for third parties where in substance the company acted as a broker.

4 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<i>(Unaudited)</i> 3 months ended 31 March 2005	<i>(Audited)</i> 12 months ended 31 December 2004
Net profit for the period (KD)	1,594,938	6,185,308
Weighted average number of ordinary shares for basic earnings per share	150,000,000	150,000,000
Effect of dilution from weighted average number of share options outstanding	988,732	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	150,988,732	150,000,000
Basic earnings per share	10.63 fils	41.24 fils
Diluted earnings per share	10.56 fils	41.24 fils

The average fair value of the parent company's ordinary share during the period of 355 fils used in the calculation of diluted earnings per share was determined by a related party.

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2005

5 CASH AND CASH EQUIVALENTS

Bank balances and cash include fixed deposits of 2,000,000 (31 December 2004: KD 3,227,601) placed with local banks, carrying an average interest of 3.25% (31 December 2004: 3.167%) per annum and maturing on May 2005.

6 TERM DEPOSIT

Term deposit placed with local banks, carrying an average interest of 3.75% (31 December 2004: 2.083%) per annum maturing in March 2006 and is pledged as security against letters of guarantee.

7 RIGHTS TO CERTAIN PROPERTIES

The company has made payments to acquire rights to certain land under development (along with certain related parties, discussed below). Under the terms agreed with the seller the company will retain the right to these properties provided it meets future payments scheduled over the following 24 months amounting to KD 9,455,360 (net of amounts relating to the related parties). At this stage, a final agreement for acquiring these properties has not been executed.

Under an arrangement at the inception of the deal, 52% of the rights were assigned to certain related parties who have paid a commission to the company for acquiring these rights (amounting to KD 449,857) and have also fully funded their share of the amounts due. Accordingly, the company has only accounted for its share of the rights. Under the terms of the arrangement, the company also earns a management fee from the related parties at the time of sale of their rights; such commission amounted to KD 10,435 for the period ended 31 March 2005.

It is the intention of the company to sell the rights prior to the completion of the land development and not acquire the properties. Further, under the arrangement agreed with the seller, the company can forfeit its right if it does not subscribe to future scheduled payments. Consequently, the full future scheduled payments amounting to KD 9,455,360 are not considered as commitments by the management as only a portion of this amount is likely to be funded by the company.

8 SHARE CAPITAL

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>(Unaudited)</i> <i>31 March</i> <i>2005</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2004</i> <i>KD</i>	<i>(Unaudited)</i> <i>31 March</i> <i>2005</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2004</i> <i>KD</i>
151,500,000 (2004: 150,000,000) shares of KD 0.100 each	<u>15,150,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>

The annual general meeting of the shareholders held on 6 March 2005 approved the increase of 1% of authorised and paid up capital totaling to 1,500,000 shares at 121 fils, including a share premium of 21 fils, under employees' share option scheme. These shares were not issued as at 31 March 2005.

9 ACCOUNTS PAYABLE AND ACCRUALS

	<i>(Unaudited)</i> <i>31 March</i> <i>2005</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2004</i> <i>KD</i>
Advances received from customers	5,080,157	4,080,234
Amounts due to related parties	2,568,451	2,317,747
Trade payable	199,272	199,272
Other payables and accrued expenses	523,327	414,917
	<u>8,371,207</u>	<u>7,012,170</u>

Al Mazaya Holding Company K.S.C. (Closed) and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2005

10 WAKALA PAYABLE

Wakala payable represents wakala agreement entered with a related party and maturing on 7 September 2005. The profit rate attributable to wakala payable during the period was 6.5% (31 December 2004: Nil) per annum.

11 FIDUCIARY ACCOUNTS

The group manages projects on behalf of others, and maintains cash balances and notes receivable in fiduciary accounts, which are not reflected in the group's balance sheet. Assets under management at 31 March 2005 amounted to KD 1,908,361 (31 December 2004: KD 1,643,7450).

12 RELATED PARTY TRANSACTIONS

These represent transactions with related parties i.e. shareholders, directors and executive officers of the group and entities of which they are principal owners. The group's management approves pricing policies and terms of these transactions. Significant transactions with group's related parties included are as follows:

	<i>(Unaudited)</i> 31 March 2005 KD	<i>(Audited)</i> 31 December 2004 KD
Balance sheet:		
Purchase of property under development	-	210,000
Income statement:		
Management fee and consultancy income	36,900	328,597
Commission income	449,857	-
Finance cost	56,538	44,293
Profit from held for sale properties	-	6,573,738
Key management compensation:		
Salaries and other short term benefits	30,150	24,120
Terminal benefits	6,281	5,025

13 COMMITMENTS

The group has capital commitments in respect of construction of real estate for KD 10,758,000 (31 December 2004: KD 2,300,000) and of purchase commitments in respect of properties for KD 3,260,863 (31 December 2004: KD 14,153,616 (2003: Nil)). Commitments under rights to certain properties are disclosed in Note 7.

The group has commitments in respect of sale of properties of KD 34,747,000 (31 December 2004: KD 31,356,000).

14 CONTINGENCIES

At 31 March 2005 the group had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to KD 3,553,000 (31 December 2004: KD 903,000).